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ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES

Report by the Director-General

Summary

Reports on the implementation of Board decision IDB.11/Dec.16 and General Conference resolution GC.5/Res.10.

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Introduction

1. In a world characterized by dwindling resources on the one hand and mounting aspirations of self-reliance on the other, the importance of economic and technical cooperation among developing countries (ECDC/TCDC) as a development tool is becoming evident. The recent proposals of the Director-General to reorder the priorities of UNIDO fully recognize this importance and attempt to strengthen further the impact of ECDC/TCDC on the industrial advancement of developing countries. In this context, the proposals put forward by the Director-General in document GC.5/23 on the future policy framework of UNIDO and approved at the fifth session of the General Conference in its resolution GC.5/Res.18, fully recognize the specific role that ECDC/TCDC mechanisms will play in the furtherance of international cooperation in industrial investment and technology, two areas which, in turn, are related to "the central coordinating role that UNIDO plays in the common system in the field of industrial development" (GC.5/23, para. 22). The organizational restructuring that followed the Yaoundé conference has clearly lent substance to that recognition by integrating ECDC/TCDC into the Industrial Cooperation and Consultation Service (ICC), all being part of the Investment and Technology Promotion Division (ITPD).

2. These two parallel actions ensure that not only the function of economic cooperation among developing countries will serve the larger developmental objectives of UNIDO Member States but that it will do so as an integral part of the overall effort of UNIDO. The placement of the ECDC/TCDC function within the Investment and Technology Promotion Division in general and its linkage with the International Cooperation and Consultations Service (ICC) in particular stresses its promotional role and its mission to seek viable opportunities for effective and meaningful industrial cooperation among the Member States of UNIDO and especially the developing countries.

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3. To that end, the ECDC/TCDC function relates in several ways to the other developmental mechanisms of UNIDO. This relationship is described below. In doing so, the present report not only responds to the specific information requested by the Industrial Development Board in its decision IDB.11/Dec.16 and by the General Conference in its resolution GC.5/Res.10 but also provides an indication of the areas where future ECDC/TCDC activities will be further strengthened.

I. INVESTMENT PROMOTION AND TECHNOLOGY TRANSFER (IDB.11/Dec.16, para. (a); GC.5/Res.10, para. (e))

4. Programmes relating to investment promotion and technology transfer lend themselves most readily to ECDC/TCDC. The reasons are twofold: (a) in those programmes UNIDO has not only an established infrastructure, staff and expertise but also a world-wide network of established contacts through which ECDC/TCDC activities can be readily promoted; and (b) the need for self-reliance and self-help among the developing countries is most manifest in the areas of technology transfer and investment promotion.

5. Thus, ECDC/TCDC activities received much stimulus during 1993 from several UNIDO programmes. For example, the integrated investment promotion programme for the Preferential Trade Area of Eastern and Southern African States (PTA) included the identification, formulation, screening and promotion of investment projects, with the aim of enhancing industrial cooperation within the subregion and with potential foreign partners from industrial and other developing countries.

6. Similarly, ECDC/TCDC was also a significant component of the investment promotion forums held in the Asia, Africa and Latin America and the Caribbean regions. Moreover, two workshops were organized to prepare for investment forums to be held in 1994 for the Arab countries as well as for the Black Sea countries. Investment promotion is an area of future growth for UNIDO as it capitalizes on the increasing trend of investments between the developing countries, particularly in the south-east Asian region.

7. An Investors' Forum for Central Africa was held at Yaoundé in November 1993 together with the European Union and the Centre for the Development of Industry. Potential investors from the member countries of the Economic Community of Central African States (ECCAS) participated in the forum, giving it a very distinct ECDC/TCDC flavour. Bilateral discussions resulted in the conclusion of three preliminary agreements and 22 letters of intent, including cooperation agreements among developing countries.

8. The Investment Promotion Services Office at Seoul, Republic of Korea, and the UNIDO Centre for International Industrial Cooperation at Beijing, China, are both engaged in inward and outward investment promotion activities. The Seoul Office has been successful in mobilizing funds for investment in other developing countries, notably in South-East Asia, while the Beijing Centre has a greater emphasis in inward investment, attracting resources from, in certain cases, developing countries, again mainly from the south-east Asian region.

9. Through the Technological Information Exchange System (TIES) network, UNIDO continued to promote cooperation among research and development institutions as regards technology transfer, adaptation, development and use. Specific activities worthy of note in 1993 consisted of: engaging experts from developing countries, e.g., Argentina, Egypt, Hungary, India, Nigeria, Pakistan, Philippines and Senegal to assist in the UNIDO capacity-building programme as lecturers, resource persons or training experts; training in India of selected Nigerian officers in the adaptation of technology profiles for prevailing local conditions; arranging a study visit by high-level officials from the United Republic of Tanzania to technology transfer institutions in Brazil, Egypt, India, Nigeria and Philippines; convening of an experts meeting on technology transfer trends to review the current world-wide scenario on technology transfer at the national and international levels.

II. ECDC INFORMATION SYSTEM (IDB.11/Dec.16, para. (c); GC.5/Res.10, para. (a))

10. One of the main comparative strengths of UNIDO is its wealth of information sources, networks and statistical databanks on all aspects of industrial development. Admittedly, unless updated and reviewed, information loses its value and effectiveness. There is thus the necessity, as recognized by General Conference resolution GC.5/Res.10, paragraph (a) "To seek information from developing countries regarding their needs and capabilities in the field of industrial development with a view to identifying more fully the potential for and promoting specific economic and technical cooperation among developing countries". Funds permitting, it is the intention of the Director-General to seek this information in a comprehensive manner and he would also be counting on the help of the developing countries in this regard.

11. In the meantime, mention can be made of a number of recent and ongoing activities aimed at strengthening ECDC/TCDC-related aspects of information sources, including the assignment of the TCDC-INRES (Information Referral System) database to the Industrial Information Section as a logical extension of its information work in support of South-South cooperation (IDB.12/2, chap. III, para. 19). In order to enhance the information flow within, to and from the African countries, including possibilities for the establishment of national and subregional INTIB (Industrial and Technological Information Bank) networks with linkages to international information systems, a project is being implemented for the development of an INTIB industrial and technological information network for Africa. The project includes the preparation of an assessment report covering 10 African countries (Cameroon, Egypt, Ghana, Kenya, Nigeria, Senegal, Sudan, United Republic of Tanzania, Zambia and Zimbabwe). Through its cooperation with the Solidarity and Assistance Fund for the Development of the West African Economic Community

(FOSIDEC), UNIDO is also helping to establish an INTIB subregional focal point to serve the seven member States of FOSIDEC (ibid., chap. IV, para. 43).

12. The analytical studies undertaken for the Consultations organized by the Secretariat as well as industrial investment promotion activities also serve as effective, up-to-date information sources for UNIDO regarding the needs and capabilities of developing countries in the field of industrial development.

III. COOPERATION WITH REGIONAL ORGANIZATIONS (GC.5/Res.10, para. (b))

13. The UNIDO ECDC/TCDC programme gave special attention to the development of interregional, regional and subregional programmes. Efforts to increase support for ECDC/TCDC continue to include the collaboration of regional intergovernmental organizations, as well as the regional commissions. For example, a regional project was formulated for the promotion and development of agro-related metalworking industries in selected least developed countries (LDCs) in Asia and the Pacific. The objective of the project is to assist the LDCs in that region in terms of technical support to agro-related metal working industries through accelerated utilization of existing networks, technology exchange and promotion of ECDC/TCDC.

14. Cooperation continued with the Economic and Social Commission for Asia and the Pacific under the Regional Network for Pesticides for Asia and the Pacific (RENPAP). In 1993 several regional training programmes were implemented, including those provided by India to other Asian countries on environment-friendly pesticides and by the Philippines and the Republic of Korea on quality control in pesticides. Other recent examples of ECDC/TCDC activities under RENPAP include workshops in Malaysia on pesticide application technology and in the Republic of Korea on impurities in technical grade pesticide materials.

IV. MOBILIZATION OF FUNDS (GC.5/Res.10, para. (c))

15. Resource mobilization efforts in support of ECDC/TCDC activities focus on a variety of sources. Two significant projects under multi-donor IDF (Industrial Development Fund) funding were recently approved for the regional Africa leather and footwear industry scheme (ibid., chap. V, para. 25) and for assistance in pollution control and treatment of tannery wastes in eight countries of South-East Asia. While most ECDC/TCDC activities are financed from IDF and other voluntary contributions, there is a trend towards increased financing from the Regular Programme of Technical Cooperation, including the technical cooperation component for the Industrial Development Decade for Africa, in a complementary manner with special-purpose and general-purpose contributions to IDF and as seed money to generate further financial resources. Information on recent self-financed trust fund projects involving ECDC/TCDC is provided in the Annual Report, 1993 (ibid., chap. III, para. 18).

16. However, it should be pointed out that one of the major obstacles in the expansion of ECDC/TCDC continues to be insufficient financial resources. As a specialized agency, UNIDO would like to see an increase in the use of indicative planning figure (IPF) resources for ECDC/TCDC activities to promote industrial development.

V. EXPERTS, EQUIPMENT AND SERVICES FROM DEVELOPING COUNTRIES (GC.5/Res.10, para. (d))

17. Renewed efforts were made to increase the utilization of experts, services and equipment from developing countries in UNIDO technical cooperation projects. Information on 1993 appointments of experts from developing countries is contained in the Annual Report of UNIDO for that year (ibid., chap. V, para. 93), and a list indicating the nationality of experts appointed is provided in appendix D to the same document. Information on the share of developing countries in the provision of equipment and services is also contained in the Annual Report, 1993 (ibid., chap. VII, table 7).

VI. UTILIZATION OF OTHER ACTIVITIES (GC.5/Res.10, para. (e))

18. The concern of Member States for the utilization of other relevant activities of UNIDO for promoting ECDC/TCDC was addressed in document GC.5/10-IDB.11/11, paragraph 75, which described the integration of ECDC/TCDC in the activities of three UNIDO Divisions. In the new policy framework of UNIDO, as described in document GC.5/23-IDB.11/31, paragraph 76, the Consultations organized by the Secretariat will be reoriented towards promoting and supporting international industrial cooperation, with particular emphasis to be placed on enhancing ECDC/TCDC mechanisms.

VII. ACTION REQUIRED OF THE BOARD

19. The Board may wish to take note of the information contained in the present report.